

**REPORT OF THE AUDIT OF THE
MONROE COUNTY
SHERIFF**

**For The Year Ended
December 31, 2001**



**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
www.kyauditor.net**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Russell Young, Monroe County Judge/Executive
Honorable Jerry Gee, Monroe County Sheriff
Members of the Monroe County Fiscal Court

The enclosed report prepared by Carpenter, Mountjoy & Bressler, PSC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the Sheriff of Monroe County, Kentucky, for the year ended December 31, 2001.

We engaged Carpenter, Mountjoy & Bressler, PSC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Carpenter, Mountjoy & Bressler, PSC, evaluated the Monroe County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure



CARPENTER, MOUNTJOY & BRESSLER, P.S.C.
AUDIT EXAMINATION OF THE
MONROE COUNTY SHERIFF

Calendar Year 2001

EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
MONROE COUNTY SHERIFF

Calendar Year 2001

Carpenter, Mountjoy & Bressler, PSC has completed the Monroe County Sheriff's audit for calendar year 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Excess fees decreased by \$3,889 from the prior calendar year, resulting in excess fees of \$1,223 as of December 31, 2001. Revenues increased by \$31,157 from the prior year and disbursements increased by \$35,046.

Report Comment:

- Financial Statements Are To Be Published Within 60 Days After The Close Of Year

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES	3
NOTES TO FINANCIAL STATEMENT	5
COMMENT AND RECOMMENDATION	9
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	10

Carpenter, Mountjoy & Bressler

Certified Public Accountants and Consultants

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Russell Young, Monroe County Judge/Executive
Honorable Jerry Gee, Monroe County Sheriff
Members of the Monroe County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Monroe County Kentucky, for the year ended December 31, 2001. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2001, in conformity with the modified cash basis of accounting.

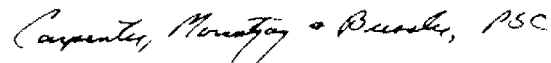
To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Russell Young, County Judge/Executive
Honorable Jerry Gee, Monroe County Sheriff
Members of the Monroe County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2002, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Based on the results of our audit, we have presented the accompanying comment and recommendation, included herein, which discusses the following report comment:

- Financial Statements Are To Be Published Within 60 Days After The Close Of Year

Respectfully submitted,



Carpenter, Mountjoy & Bressler, PSC
Frankfort, Kentucky

Audit fieldwork completed -
November 14, 2002

MONROE COUNTY
JERRY GEE, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2001

Receipts

Federal Grant		\$	46,704
State Fees For Services:			
Finance and Administration Cabinet	\$	10,954	
Cabinet For Human Resources		83	11,037
Circuit Court Clerk:			
Sheriff Security Service	\$	3,350	
Fines and Fees Collected		1,842	5,192
Fiscal Court			18,150
County Clerk - Delinquent Taxes			608
Commission On Taxes Collected			92,978
Fees Collected For Services:			
Auto Inspections	\$	7,210	
Accident and Police Reports		621	
Serving Papers		13,063	
Carrying Concealed Deadly Weapons Permits		1,740	
Sheriff's Add-On Fees		8,302	
Jail Transportation		2,546	33,482
Other:			
Miscellaneous			3,969
Interest Earned			2,474
Borrowed Money:			
State Advancement	\$	42,000	
Bank Note		15,000	57,000
Total Receipts		\$	271,594

MONROE COUNTY
 JERRY GEE, SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 2001
 (Continued)

Disbursements

Payments to State:

Carrying Concealed Deadly Weapons Permits	\$	1,040
---	----	-------

Operating Disbursements:

Personnel Services-

Deputies' Salaries	57,154
--------------------	--------

COPS Salaries	46,704
---------------	--------

Employee Benefits-

Employer's Share FICA	3,194
-----------------------	-------

Employer Paid Health Insurance	3,902
--------------------------------	-------

Contracted Services-

Contract Labor	2,808
----------------	-------

Vehicle Maintenance and Repairs	13,016
---------------------------------	--------

Materials and Supplies-

Office Materials and Supplies	1,996
-------------------------------	-------

Uniforms	316
----------	-----

Auto Expense-

Gasoline	13,933
----------	--------

Other Charges-

Conventions and Travel	300
------------------------	-----

Dues	325
------	-----

Postage	198
---------	-----

Dog License	164
-------------	-----

Bond	564
------	-----

Miscellaneous	747
---------------	-----

Court Costs to Fiscal Court	4,590
-----------------------------	-------

Security on Metal Detector	2,281
----------------------------	-------

Debt Service:

State Advancement	42,000
-------------------	--------

Notes	15,000
-------	--------

Interest	1,161
----------	-------

Total Disbursements

\$	211,393
----	---------

Net Receipts

\$	60,201
----	--------

Less: Statutory Maximum

\$	58,248
----	--------

Training Allowance

730

58,978

Excess Fees Due County for Calendar Year 2001

\$	1,223
----	-------

Payment to County Treasurer - November 14, 2001

1,223

Balance Due at Completion of Audit

\$	0
----	---

The accompanying notes are an integral part of the financial statement.

MONROE COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2001, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

MONROE COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2001
(Continued)

Note 3. Drug Fund

The Monroe County Sheriff's office established a drug fund in February 1993 with funds received as the result of a drug investigation. These funds were to be used for drug enforcement and education only and are not available for excess fee purposes. As of December 31, 2000, the drug fund had a balance of \$15. During 2001, there were receipts of \$450. Expenditures totaled \$450. As of December 31, 2001, the drug fund had a balance of \$15.

Note 4. Related Party Transaction

Ronnie Hollinsworth is a magistrate and half owner of Travco Oil. The Sheriff's office purchased \$13,933 of gasoline from Travco Oil during calendar year 2001. Sheriff's personnel use Travco Oil to purchase gasoline because it is the only gas station in town that is open twenty-four hours. These transactions with Travco Oil do not violate the Monroe County Ethics Code.

COMMENT AND RECOMMENDATION

MONROE COUNTY
JERRY GEE, COUNTY SHERIFF
COMMENT AND RECOMMENDATION

Calendar Year 2001

Financial Statements Are To Be Published Within 60 Days After The Close Of Year

According to KRS 424.220, financial statements are required to be published within 60 days after the close of the calendar year. We recommend that the sheriff start publishing the official annual financial statement within 60 days after the close of the year.

Sheriff's Response:

I wanted to make sure everything was correct so I waited for the auditor to make sure. I will now publish this.

PRIOR YEAR COMMENTS AND RECOMMENDATIONS:

In the prior year audit report, the Auditor of Public Accounts reported two comments:

- Financial Statements Are To Be Published Within 60 Days After The Close Of Year
- The Sheriff Should Require Depository Institutions To Pledge Or Provide Additional Collateral of \$1,232,360 To Protect Deposits

The last comment above was corrected.

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Carpenter, Mountjoy & Bressler

Certified Public Accountants and Consultants

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Russell Young, Monroe County Judge/Executive
Honorable Jerry Gee, Monroe County Sheriff
Members of the Monroe County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the Monroe County Sheriff for the year ended December 31, 2001, and have issued our report thereon dated November 14, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Monroe County Sheriff's financial statement for the year ended December 31, 2001, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying comment and recommendation.

- Financial Statements Are To Be Published Within 60 Days After The Close Of Year

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Monroe County Sheriff internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

Carpenter, Mountjoy & Bressler, PSC

Carpenter, Mountjoy & Bressler, PSC
Frankfort, Kentucky

Audit fieldwork completed -
November 14, 2002

